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CONSOLIDATED NICHOLSON MINES LIMITED

A N N U A L R E P O R T

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CONSOLIDATED NICHOLSON MINES LIMITED

Directors	N. B. KEEVIL JR. SIR MICHAEL BUTLER, Bt. D. A. PERIGOE J. H. WESTELL J. L. MAY
Officers	N. B. KEEVIL JR. <i>President</i> J. H. WESTELL <i>Vice-President</i> R. N. GRANGER <i>Secretary</i> D. S. BROWN <i>Treasurer</i>
Head Office	Suite 1000, 11 Adelaide Street West, Toronto, Ontario
Transfer Agent and Registrar	Crown Trust Company, 302 Bay Street, Toronto, Ontario
Auditors	Thorne, Mulholland, Howson & McPherson, Toronto, Ontario
Annual Meeting	June 30, 1966, 11:30 A.M. (Eastern Daylight Saving time) 11th floor, 11 Adelaide Street West, Toronto, Ontario

CONSOLIDATED NICHOLSON MINES LIMITED

REPORT OF THE PRESIDENT

TO THE SHAREHOLDERS:

We are pleased to submit the annual report for the year ended December 31, 1965, with the financial statements as reported by the auditors.

Three holes were drilled on the Jamieson Township, Timmins property in which your company holds a 45% interest. All intersected altered (carbonated, sericitized and kaolinized) rhyolite with occasional barren seams of pyrite-pyrrhotite and quartz veins. The property is being held pending developments in the area.

No work was done on the Athabasca gold-uranium claims of your Company.

In the fall of 1965, Consolidated Nicholson acquired 100% interest in 7 mining claims in Gaspé Provincial Park, Quebec, just north of the Terra Nova-Patino-HBM&S discovery. These lie in the altered aureole around the Tabletop batholith, with anomalous magnetic values being interpreted as evidence of slightly more intense alteration or mineralization on the claim group. In addition, associated companies have obtained anomalous geochemical soils just to the east in the same alteration halo. These claims are considered to have reasonable potential, and a programme of geochemistry and geophysics has been laid on for the early summer. Favourable results from this work or from drilling on the adjoining ground will lead to immediate drilling.

At the year end, the company had a working capital position of \$49,226. Since then, a firm underwriting on 350,000 shares has placed another \$52,500 in the treasury. This money should be more than adequate to explore the Gaspé property thoroughly and to maintain the company's vigil for further exploration ventures.

On behalf of the Board,

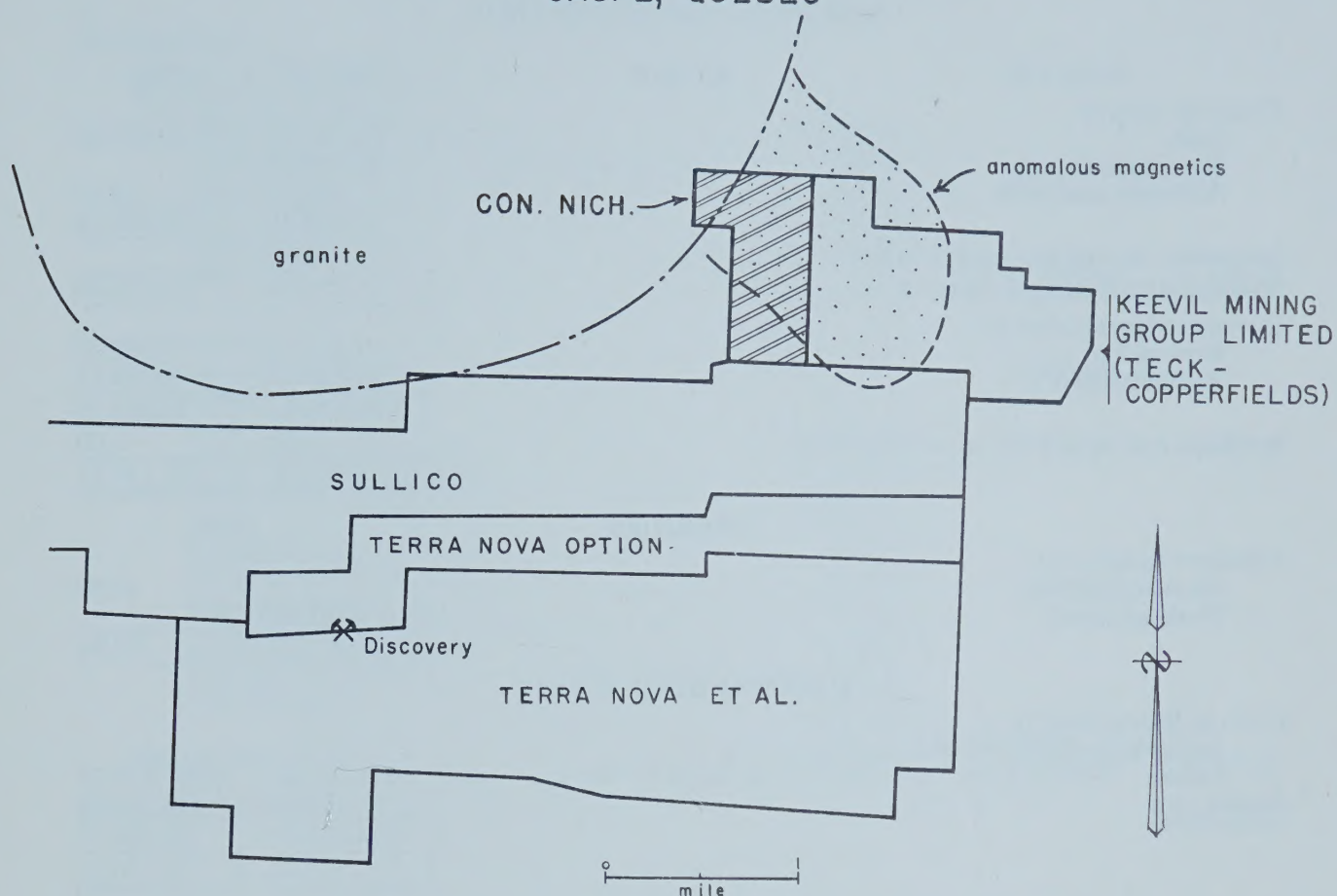


N. B. KEEVIL JR.
President

June 6, 1966

CONSOLIDATED NICHOLSON MINES LIMITED

CONSOLIDATED NICHOLSON PROPERTY GASPE, QUEBEC



STATEMENT OF SOURCE AND APPLICATION OF FUNDS Year ended December 31, 1965

Working capital at beginning of year	\$39,851.82
SOURCE OF FUNDS:	
Proceeds from sale of capital stock	30,000.00
Proceeds from disposal of assets previously written off	4,434.04
	<u>34,434.04</u>
APPLICATION OF FUNDS:	
Purchase of mining claims	10,500.00
Deferred expenditures	14,509.51
Purchase of investment	50.00
	<u>25,059.51</u>
Increase in working capital	9,374.53
WORKING CAPITAL AT END OF YEAR	<u><u>\$49,226.35</u></u>

CONSOLIDATED NICHOLSON MINES LIMITED

Incorporated under the laws of Ontario

BALANCE SHEET, DECEMBER 31, 1965

(With comparative figures for 1964)

ASSETS	<u>1965</u>	<u>1964</u>
CURRENT ASSETS:		
Cash	\$ 14,386.83	\$ 39,865.60
Short-term deposit	40,000.00	
Accounts receivable	148.32	74.16
	<u>54,535.15</u>	<u>39,939.76</u>
Investment, at cost (no market value)	50.00	
Mining claims and leases (note 1)	<u>26,626.00</u>	<u>10,376.00</u>
DEFERRED EXPENDITURES:		
Exploration	9,475.74	1,882.24
Administration	16,855.12	9,939.11
	<u>26,330.86</u>	<u>11,821.35</u>
Buildings and equipment, at nominal value	1.00	1.00
	<u>\$ 107,543.01</u>	<u>\$ 62,138.11</u>
 LIABILITIES		
CURRENT LIABILITIES:		
Accrued liabilities		87.94
Work advances	<u>5,308.80</u>	<u>87.94</u>
	<u>5,308.80</u>	<u>87.94</u>
 SHAREHOLDERS' EQUITY		
CAPITAL STOCK (note 2):		
Authorized—6,000,000 shares of no par value		
Issued —4,814,003 shares (4,514,003 shares in 1964)	1,638,120.25	1,602,370.25
Deficit	<u>1,535,886.04</u>	<u>1,540,320.08</u>
	<u>102,234.21</u>	<u>62,050.17</u>
	<u>\$ 107,543.01</u>	<u>\$ 62,138.11</u>

The accompanying notes are an integral part of this statement.

Approved on behalf of the Board:

N. B. KEEVIL, JR., Director

J. H. WESTELL, Director

NOTES TO FINANCIAL STATEMENT

Year ended December 31, 1965

1. MINING CLAIMS AND LEASES:

Acquired to December 31, 1964 at the consideration given therefor, consisting of:

50,000 shares of capital stock valued at	\$ 2,875.00	
Cash	<u>7,500.00</u>	10,375.00
Recorded at nominal value		<u>1.00</u>
		10,376.00

Acquired during 1965 for:

100,000 shares of capital stock valued at	5,750.00	
Cash	<u>10,500.00</u>	<u>16,250.00</u>
Balance December 31, 1965		<u>\$26,626.00</u>

2. CAPITAL STOCK:

During the year capital stock was issued as follows:

	Shares	Value
For cash	200,000	\$30,000.00
For mining properties	100,000	5,750.00
	<u>300,000</u>	<u>\$35,750.00</u>

CONSOLIDATED NICHOLSON MINES LIMITED

STATEMENT OF DEFERRED EXPENDITURES

Year ended December 31, 1965

EXPLORATION:

Balance at beginning of year		\$1,882.24	
Expenditures during year:			
Diamond drilling	\$4,124.81		
Engineers' and geologists' fees and expenses	659.32		
Government fees and taxes	937.33		
Linecutting	132.74		
Surveys	1,720.29		
Miscellaneous	19.01	7,593.50	9,475.74

ADMINISTRATION:

Balance at beginning of year		9,939.11	
Expenditures during year:			
Audit	350.00		
Government fees and taxes	30.00		
Head office administration	2,400.00		
Legal	1,400.00		
Listing fees and expenses	737.19		
Share certificate expense	246.95		
Shareholders' information expense	964.38		
Telephone and telegraph	39.20		
Transfer agent's fees	2,001.18		
Miscellaneous	20.07		
	8,188.97		
Deduct Interest income	1,272.96	6,916.01	16,855.12

TOTAL DEFERRED EXPENDITURES AT END OF YEAR \$26,330.86

STATEMENT OF DEFICIT

Year ended December 31, 1965

Deficit at beginning of year	\$1,540,320.08
Proceeds from disposal of assets previously written off	4,434.04
Deficit at end of year	<u>\$1,535,886.04</u>

AUDITORS' REPORT

To the Shareholders of

CONSOLIDATED NICHOLSON MINES LIMITED:

We have examined the balance sheet of Consolidated Nicholson Mines Limited as at December 31, 1965 and the statements of deferred expenditures and deficit for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and related statements of deferred expenditures and deficit present fairly the financial position of the company as at December 31, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination also included the accompanying statement of source and application of funds which, in our opinion, when considered in relation to the aforementioned statements, presents fairly the changes in the working capital of the company for the year ended December 31, 1965.

Toronto, Canada,
May 4, 1966.

THORNE, MULHOLLAND, HOWSON & MCPHERSON
Chartered Accountants.

